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DEPARTMENT OF STATE

526 OC/R

Memorandum of Conversation

DATE: February 25, 1953

SUBJECT: Guatemalan Situation

PARTICIPANTS: Mr. Harlowe R. Newton
MIB - Mr. Fisher

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Mr. Newton, an American citizen who has been in business in Central America for many years and who has a Guatemalan wife, has resided in San Jose, Costa Rica since 1938. Until recently he owned the Costa Rican Machinery Company of San Jose, and is an owner of the firm Equipos Mecanicos of Guatemala City together with his brother-in-law, Federico Valenzuela, and has interests in businesses in other countries in Central America. OIT in the Department of Commerce stated that there is no derogatory information on him in their commercial intelligence files.

Mr. Newton began by saying that we would soon be visited by a delegation of Guatemalan businessmen who want to know what the Department is going to do about the communists in Guatemala. He was unable to tell me who would compose the delegation nor when they might arrive.

Mr. Newton said that we must remember that President Arbenz is a military man, and that once he has fixed his loyalties he will proceed to any lengths in discharging what he feels is his duty. Newton said that he believes that Arbenz is not a communist but that he thinks he is sincerely trying to be loyal to the Constitution of Guatemala and to his election promise to give the people an agrarian law. Mr. Newton said that Arbenz' wife, Maruca, is ambitious, ruthless, and probably more intelligent than her husband. He said that the Arbenz' rejection by the so-called Guatemala City "society" in past years still rankles with them and may account for at least a little of their attitude toward the wealthy.

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Mr. Newton said that the difficulty in Gua .s that the communists cannot be dealt with effectively because of the s irit of freedom which prevails in Guatemala, i.e., the repression of one political faction would be regarded as a betrayal of the domestic aims of the revolution; and that there is no legal basis for proceeding against the communists.

I asked Mr. Newton about Article 32 of the Constitution and allowed him to read my copy of that document. (Article 32 prohibits international or foreign political organizations). I said that many people feel that the difficulty in Guatemala is that the Government has failed or refused to recognize a fact which the United States has learned to its cost, namely, that communists are agents of an international Soviet conspiracy against the free world. I said that we are fighting the communists in Korea for this reason, and that many people naturally wonder why the Guatemalan Government contains acknowledged communists and communist sympathizers. Mr. Newton asked what should be done with the communists in Guatemala, to which I replied that it is not my business to answer that question but that I would tell him what the United States did, which was to see to it that no communists are employed by the Government.

Mr. Newton wanted to know if the Guatemalans were aware of our point of view. I answered that I could see no reason why they should not be. He then said that he is sure that Arbenz and the principal members of the Government "want to get rid of the communists", but need to be given a solution. I emphasized to Mr. Newton that the United States Government policy is non-intervention in the internal management of a country's affairs but went on to ask him, stating that it was as a matter of personal curiosity, what he thought would happen if Arbenz fired the communists from his Government. Mr. Newton said there would be a terrific blow-up and perhaps bloodshed but that he thought eventually Arbenz would liquidate the communists. He said that he had heard Colonel Rafael O'Meany, Ambassador at San Jose, Costa Rica, say that "we should kill the communists off". Mr. Newton said that he heard Colonel Eduardo Weymann, Guatemalan Military Attaché in Washington, say the same thing. In this respect Mr. Newton went on to say that it would be a mistake to neglect Colonel Weymann and to overlook the fact that he has a great deal of influence with Arbenz. According to Mr. Newton, Weymann is splitting with Arbenz the proceeds from the graft in which he engages in purchasing arms and equipment in the United States for the Guatemalan Government. Mr. Newton at this point mentioned that the Department of State has turned down Weymann's application for a license to export 200 submachine guns with ammunition to Guatemala for the Guardia Civil. Mr. Newton said that Weymann told him that

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he would now have to buy the ammunition in Canada at a considerably higher price and would have to buy the submachine guns in Europe. He said he was unable to find out from what country in Europe they could be obtained but said that Weymann was disappointed in having to resort to the "black market" to fill the order. Mr. Newton said he thought the Government would like to have the submachine guns to liquidate the communists, but added that of course there was no way of telling precisely what use might be made of them.

Mr. Newton said he would see "Willie" Toriello, whom he has known for many years, this afternoon and would call me back this evening to tell me what he might have learned. He volunteered that he would not mention having spoken to us.

At 2:30 P.M. Mr. Newton called to say that he had good news for me, saying "Who is it that you would like to see taken care of in Guatemala?" I said we don't have lists of people we want taken care of, adding that the identity of our worldwide enemy is well known. Mr. Newton responded that "speaking unofficially I can tell you that they are going to be taken care of". He said he would call me later tonight at my home.

Mr. Newton said that business is excellent in Guatemala so far as he is concerned, adding that his machinery company does a great deal of Government business. Moreover, he said, he is liquidating his interests in Central America and is thinking about semi-retirement.

He is staying at the Wardman Park Hotel, leaving for New York tomorrow, returning here for a day or two later on. He hopes to be back in San Jose within a week or so, he said.

On February 26 Mr. Newton telephoned and in a mysterious manner read off a list of names including Fortuny, Gutierrez, Sosa, Diaz Pozzoto, Fuentes, Estrada, and Colorzano. He said he thought something is going to happen to them.

[redacted]